

Mike Tadych

From: Hugh Stevens
Sent: Thursday, September 15, 2011 12:07 PM
To: Dan Rosenstein
Cc: Mike Tadych
Subject: JOC Farms -- Beaufort County 2009 loss

Dear Dan,

I have reviewed your letter dated August 1, which inadvertently was sent to my old address. In response to our request for a detailed explanation of RCIS' indemnity calculation with respect to JOC Farms' 2009 loss in Beaufort County, you said:

An explanation of the indemnity calculation accompanied the check previously issued to JOC. In addition, during the NAD hearing, RCIS' employees provided testimony explaining both the loss inquiry reports and the effect of JOC's election of the Enterprise Unit Option in Beaufort County. The loss calculations were consistent with RMA procedures and [were] explained at the hearing.

With respect to the first sentence above, we have not been able to locate an explanation of the indemnity calculation that accompanied the check previously issued to JOC Farms. Would you kindly email me a copy of the document(s) to which that sentence refers?

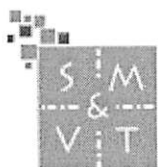
With respect to the second and third sentences above, it is true that RCIS employees provided testimony at the NAD hearing in which they purported to explain the indemnity calculations. The problem, which you can hear for yourself if you listen to the audio recordings of the hearing, is that their "explanations" were unintelligible, confusing and unfathomable. That's why we requested a detailed explanation.

Finally, we take issue with your statement that JOC Farms' only avenue of redress with respect to whether RCIS correctly calculated the indemnity is to request a review of the NAD decision. We have done that, but the hearing officer specifically found and concluded that the issue of whether RCIS correctly calculated the indemnity "is not an issue that is within the scope of NAD's jurisdiction." She said:

As RMA indicated during the hearing, the calculation and disbursement of indemnity payments to a policyholder is not within RMA's authority [FOF 19]. Even in an instance where RMA may participate in the review of a large claim, RCIS makes all calculations and conclusions regarding payments to its policyholders [FOF 19]. See also Manager's Bulletins MGR-05-009 and MGR-05-009.1. There is some evidence that RMA intended to review the final calculations for the indemnity payment; however, there is no evidence in the record showing [that] RMA participated in or assisted with the calculation of the payment made to Appellant [FOF 19].

You are correct that the issue of whether JOC Farms was entitled to payment for its 2009 Beaufort County loss and, if so, on what basis, is determinable through the NAD review process. On the other hand, the hearing officer's ruling means that the issue of whether the amount of JOC Farms' payment was correctly calculated is an issue that must be addressed between JOC Farms and RCIS. We do not

believe that RCIS performed the calculations correctly. Unless you can convince us otherwise we intend to explore and pursue all legal processes and remedies on behalf of our clients.



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